

RECORDATION NO. 25384 FILED

DEC 29 '04 4-50 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A. LESTER

ALVORD AND ALVORD
ATTORNEYS AT LAW
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SUITE 301
WASHINGTON, D.C.
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

December 29, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Equipment Lease, dated as of December 29, 2004, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor:	Merrill Lynch Capital 222 North LaSalle Street 17th Floor Chicago, Illinois 60601
Lessee:	RailTex, Inc. 4040 Broadway San Antonio, Texas 78209

Mr. Vernon A. Williams
December 29, 2004
Page 2

A description of the railroad equipment covered by the enclosed document
is:

10 locomotives: CEFR 3880 - CEFR 3889

A short summary of the document to appear in the index is:

Memorandum of Equipment Lease.

Also enclosed is a check in the amount of \$32.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

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MEMORANDUM OF EQUIPMENT LEASE

Memorandum of Equipment Lease made and entered into as of December 29, 2004 by and between Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., a Delaware corporation, ("Lessor"), and RailTex, Inc., a Texas corporation ("Lessee").

WITNESSETH:

The undersigned have entered into that certain Equipment Lease Agreement dated as of December 29, 2004 and (the "Lease"), whereby the Lessor has agreed to lease to the Lessee and the Lessee has agreed to lease from the Lessor certain locomotives bearing reporting marks and road numbers CEFR 3880 – CEFR 3889, effective as of the date hereof and subject to the terms defined in the Lease.

IN WITNESS WHEREOF, the undersigned have each caused this Memorandum to be duly executed as of the date and year first above written.

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SURFACE TRANSPORTATION BOARD

MERRILL LYNCH CAPITAL, A
DIVISION OF MERRILL LYNCH
BUSINESS FINANCIAL SERVICES INC.

By

Name: Steve Lacey

Title: V.P. Group Credit Manager

Executed on this 29th day of December,
2004

RAILTEX, INC.

By

Name:

Title:

Executed on this _____ day of December,
2004

MEMORANDUM OF EQUIPMENT LEASE

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WITNESSETH:

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IN WITNESS WHEREOF, the undersigned have each caused this Memorandum to be duly executed as of the date and year first above written.

MERRILL LYNCH CAPITAL, A
DIVISION OF MERRILL LYNCH
BUSINESS FINANCIAL SERVICES INC.

By _____
Name: _____
Title: _____

Executed on this _____ day of December,
2004

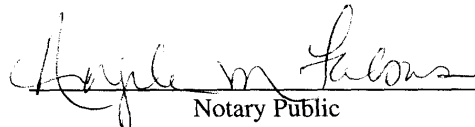
RAILTEX, INC.

By Todd N. Cecil
Name: Todd N. Cecil
Title: Vice President

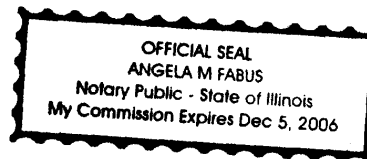
Executed on this 29th day of December,
2004

State of Illinois)
) ss:
County of Cook)

On this 28 day of December, 2004, before me personally appeared
STEVE COLEY, to me personally known, who being duly sworn, stated
that (s)he is VICE PRESIDENT of MERRILL LYNCH CAPITAL, A DIVISION
OF MERRILL LYNCH BUSINESS FINANCIAL SERVICES, INC., that said
instrument was signed on behalf of said corporation by authority of its board of directors,
and (s)he acknowledged that the execution of the foregoing instrument was the free act
and deed of said corporation.


Notary Public

My Commission expires: 12.05.06



State of Texas)
) ss:
County of Bexar)

On this ____ day of December, 2004, before me personally appeared
_____, to me personally known, who being duly sworn, stated
that (s)he is _____ of RAILTEX, INC., that said instrument was signed on
behalf of said corporation by authority of its board of directors, and (s)he acknowledged
that the execution of the foregoing instrument was the free act and deed of said
corporation.

Notary Public

My Commission expires:

State of Illinois)
) ss:
County of Cook)

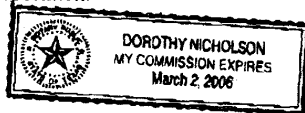
On this ____ day of December, 2004, before me personally appeared _____, to me personally known, who being duly sworn, stated that (s)he is _____ of MERRILL LYNCH CAPITAL, A DIVISION OF MERRILL LYNCH BUSINESS FINANCIAL SERVICES, INC., that said instrument was signed on behalf of said corporation by authority of its board of directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires:

State of Texas)
) ss:
County of Bexar)

On this 29th day of December, 2004, before me personally appeared Todd W. Cecil, to me personally known, who being duly sworn, stated that (s)he is Vice President of RAILTEX, INC., that said instrument was signed on behalf of said corporation by authority of its board of directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Dorothy Nicholson
Notary Public

My Commission expires:
3/2/2006